



HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION

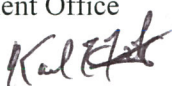
No. 1 Capitol District Building
250 South Hotel Street
Suite 508
Honolulu, HI 96813
(808) 587-3830

16 JUL 28 10:10

July 22, 2016

ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Sarah Allen, Administrator
State Procurement Office

FROM: Karl Fooks 
HSDC President

SUBJECT: Request for Exemption from Chapter 103D, HRS
HI Growth Connect and Network Sponsorship Program

Attached for your review and approval is a State Procurement Office (SPO) Request for Exemption from Chapter 103D, HRS to provide sponsorships for programs that benefit the HI Growth Initiative, which is State of Hawaii's effort to grow Hawaii's economy by investing in the infrastructure, workforce and capital requirements to cultivate the innovation sector.

On July 19, 2016 an original request was disapproved by SPO as HSDC had awarded sponsorships to two vendors resulting in contracts that started and ended outside of the prior exemption's (PE15-067S) approval period ending 6/30/2016. The award letters issued in FY16 under the prior exemption (PE15-067S) were all executed before the end of the solicitation period, but HSDC staff mistakenly posted on PANS the event dates as the contract dates, when in fact the award letter date is the contract start date. Additionally, there was a misunderstanding that all contracts received during the exemption approval period needed to be completed within that approval period.

To prevent any recurrence, HSDC staff has communicated with SPO staff and reviewed SPO requirements to clarify understanding and adherence to policy. In the future, HSDC will list the award letter date as the contract start date in PANS. HSDC has also amended the future RFP to state that all programs or events receiving sponsorship must be completed before the end of the exemption's approval period.

SPO also found that although HSDC required HCE compliance at time of award, in some instances compliance was not confirmed at time of award. This problem was not systemic, as HSDC staff did check for HCE compliance prior to award in 9 of 13 instances. HSDC always confirmed HCE compliance prior to payment, meaning that no applicant who was not HCE compliant ever received payment. However, to prevent recurrence of these errors, HSDC has reviewed our procedures for adhering to procurement policy and have implemented a new procedure: HSDC has created a checklist that will be used in the evaluation of all applications to ensure HCE compliance is confirmed before the awarding of any sponsorships.

Your approval of this request to obtain SPO exemption is appreciated. Should you have any questions, please contact Karl Fooks, HSDC President, at 587-3830 or e-mail at karl.fooks@hawaii.gov.

Attachments



STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION
FROM HRS CHAPTER 103D

Received by
State Procurement Office
07/28/2016

TO: Chief Procurement Officer

FROM: Hawaii Strategic Development Corporation
Name of Requesting Department

Pursuant to HRS § 103D-102(b)(4) and HAR chapter 3-120, the Department requests a procurement exemption for the following:

1. Describe the goods, services or construction:

Sponsorships under the HI Growth Connect and Network (CAN) Program to be awarded for programs that benefit and serve the HI Growth Initiative. Copies of previous exemptions for the program are attached.

2. Vendor/Contractor/Service Provider

TBD based on applications approved by the
sponsorship review committee

3. Amount of Request:

\$ 250,000

4. Term of Contract From: 8/1/2016

To: 6/30/2017

5. Prior SPO-007, Procurement Exemption
(PE):

PE-15-067S

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:

This exemption request addresses situations where opportunities arise for HSDC to sponsor events and community programs and it is not practical to obtain multiple quotes for the same program. After discussions with SPO in 2012, an exemption request (12-093K) was submitted by HTDC and approved, and a hybrid RFP process was implemented specifically for event sponsorships. HSDC applied for and was granted an exemption in 2015 to operate a substantially similar program. The current procedures have worked satisfactorily starting 7/1/2015 and ending 6/30/2016 for HSDC. Prior to the current exemption, procurement exemption requests were submitted individually for each worthy sponsorship opportunity as it arose but at times the short turnaround needed for the approval resulted in lost opportunities.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

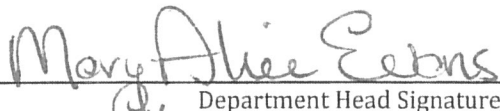
HSDC will post an RFP at the beginning of the FY17 fiscal year and remain open for the duration of the fiscal year, inviting applications for sponsorship of programs that are in alignment with the HI Growth CAN Program and priority areas. Applications received will be evaluated by the Procurement Officer, or a Sponsorship Evaluation Committee against an established set of criteria as outlined in the RFP. Recommendations will be presented to the Procurement Officer, who will award subject to satisfaction of the requirements described in the RFP, and the availability of funds.

8. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required).

*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	e-mail address
Karl Fooks	HSDC	587-3830	Karl.Fooks@hawaii.gov

*All requirements/approvals and internal controls for this expenditure is the responsibility of the department.
I certify that the information provided above is, to the best of my knowledge, true and correct.*


Department Head Signature

7-26-16
Date

For Chief Procurement Officer Use Only

Date Notice Posted: 08/01/2016


Inquiries about this request shall be directed to the contact named in No. 8. Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

Approval is granted for the period 8/1/2016 to 6/30/2017 and the total sponsorships awarded shall not exceed \$250,000. The department has determined that it would be in the State's best interest to utilize a modified RFP process to award sponsorships throughout the year. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to provide proof of compliance and may use the Hawaii Compliance Express) for all contracts awarded and each award is required to be posted on the Awards Reporting System. Copies of the compliance verification(s) and the award posting(s) are required to be documented in the procurement/contract file.

If there are any questions, please contact Stacey Kauleinamoku at 586-0571, or stacey.l.kauleinamoku@hawaii.gov.

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☒ Approved

☐ Disapproved

☐ No Action Required



Chief Procurement Officer Signature

8/10/16

Date